

USAID/Vietnam Competitiveness Initiative, Phase II (USAID/VNCI)
Monthly Report for February 2012

Simplifying Administrative Procedures

- **OOG Vice Chairman Kieu Dinh Thu met APCA team:** on Feb 7, 2012, Mr. Thu had the first meeting with APCA team after being assigned by Minister Dam to manage APCA work. Minister Dam, however, still is chairing the ACAPR. Mr. Thu stated that AP reform is a long-term activity, and is part of government Public Administrative Reform effort. A good regulatory and institutional system should clearly define what requires government intervention and what does not, and how government intervention should be. Mr. Thu also requests APCA to build better relationships with internal OOG departments to ensure “one voice” regarding OOG’s opinions on draft LNDs.
- **Capacity building for APCA:**
 - **Training for APCA new members:** 30 APCA members, including all new members and support staff, were trained in a 3-day course designed and supported by USAID/VNCI to fresh-up their ability to conduct impact assessment and manage the national database of APs. Some topics of the training were delivered by APCA members with supervision from USAID/VNCI advisors as part of our capacity building effort.
 - **One-day workshop on improving quality of APs supervision:** 50 APCA members attended one day workshop to resolve issues identified during the site visits to Ministries and Provinces in late 2011 and to enhance APCA’s ability to deal with AP supervision. Topics included scope/coverage of Decree 63 which should include all procedures related to citizens and businesses, both directly and indirectly; time of conducting impact assessments; and discipline and guidance to administrative agencies and delaying the implementation of APs. The workshop was organized and paid by OOG; and USAID/VNCI Advisory team was invited to provide advisory comments.
 - **Half-day workshop on overhauling National Database:** 40 APCA members were trained to be ready for managing the overhaul of the National Database to meet upcoming changes in the software system, as well as cleaning the content of the database to make sure that information is up-to-date and accurate. USAID/VNCI team members were key speakers at the workshop, which was partially funded by USAID/VNCI.
 - **Guidelines for Ministries and Provinces in AP supervision:** USAID/VNCI’s advisory team is providing support to APCA to improve the quality of the draft guidelines for ministries and provinces in AP supervision. The guidelines addresses issues and problems identified during APCA’s field trips to all ministries and provinces in late 2011, including poor quality of publication, impact assessment and implementation of AP.
- **Stronger outreach for AP reform:** Minister Dam instructed APCA to work with the Government Portal and VTV, VN News Agency, VN Radio to explore cooperation mechanism to promote AP reform activities. Although at an early stage, this instruction shows that APCA and AP reform activity has gained Minister Dam’s trust and confidence to move AP reform agenda ahead.

- **Donor Coordination on regulatory reform:**
 - **M&E for AP reform with IFC:** USAID/VNCI is facilitating a discussion between APCA and IFC on the development of an M&E system for AP reform. IFC team, led by Sanda Liepina, Regional Director of IFC's Investment Climate, and other team members from IFC offices in Washington, D.C. and Hong Kong. At the request of APCA, USAID/VNCI presented some initial thoughts on such a system, priority areas, difficulties and challenges. IFC has proposed to Minister Dam to support APCA to develop this system, which will be led by the private sector through the Advisory Council, as one milestone in their cooperation with APCA/OOG in 2012. Through Advisory Council Secretariat and Advisory team, USAID/VNCI is supporting this initiative to ensure the M&E is relevant and meaningful to the public, and could be used to strengthen reform in the future.
 - **OECD:** in discussions with OECD to invite Minister Dam, OOG, to Paris for the Ministerial Policy Committee meetings on April 11 – 12 with OECD member states to present Vietnam's experience and expose Minister Dam to other country experience in regulatory reform.
 - **World Bank:** in discussions on how to link the new Economic Management and Competitiveness Credit (EMCC), \$250 million in budget support for 5 years, and grant technical assistance on policy issues, with the Master Plan for Regulatory Reform and Policy Coordination.
- **ACAPR activities:**
 - **Meeting to implement 2012 action plan:** ACAPR meeting was organized and chaired by APCA Director to agree on the scope of work for ACAPR in 2012 and task allocation for each working group.
 - **ACAPR working group kick-off meeting:** All ACAPR working groups in Hanoi have organized a kick-off meeting to determine their roles and responsibilities in implementation of 2012 tasks assigned. USAID/VNCI advisory team has been supporting the organization and facilitation of these meetings to support APCA to work efficiently with ACAPR working groups.
- **Uyen Tran was appointed by Dr. Phan as Team Leader of USAID/VNCI Advisory Team working at APCA office,** and will participate in weekly management meetings of APCA. At the same time, a new structure of USAID/VNCI team working at APCA office was introduced, where USAID/VNCI team will take an advisory role only, and will be able to provide support and capacity building across the whole APCA team. Previously, each USAID/VNCI member was allocated to sit and work within one functioning department only. The new structure will allow USAID/VNCI advisors to provide better support to APCA as a whole, and is part of the exit strategy for USAID/VNCI in supporting APCA.

Regulatory Reform and Regulatory Impact Assessment (RIA)

- **RIA training course:** deliver regular RIA training on Feb 28-29, 2012 for over 40 ministerial officials to improve their understanding of RIA and its application for drafting new laws and regulations.
- **Support development of better regulations:**

- **National Assembly's Review of Price Law:** Coordinated and participated in the Workshop on Price Law hosted by VCCI and Finance and Budgetary Committee of National Assembly on February 10, 2012, to discuss the concerns of the business community towards the draft Price Law. USAID/VNCI-initiated comments on market unfriendly clauses were welcomed by the FBC-NA and there are indications that price registration measures may be replaced by price notification, which is much less burdensome for businesses. Following up on this workshop, USAID/VNCI team provided further inputs and comments for VCCI's official response to the Finance and Budgetary Committee of National Assembly on the current draft of Price Law.
- **RIA facilitation for:**
 - **Mediation Law:** USAID/VNCI supporting drafting team of the Mediation Law to write legal text, using policy options identified through RIA exercise.
 - **Civil Status Law:** USAID/VNCI is in discussions with MOJ to support RIA development for some key legislation including the draft Civil Status Law.
 - **Draft Letter for U.S. Ambassador to Prime Minister on Regulatory Reform:** prepared a letter and a concept note on the GoV initiative for regulatory reform and enhancement of macroeconomic coordination for the Ambassador to send to the Prime Minister in an effort to expedite the approval process so that concrete actions can be taken to improve the quality of policy formulation and coordination. This action is complementary to our efforts to support the new Master Plan by supporting the OECD to invite Minister Dam, OOG, to participate in the Ministerial Policy Committee Meetings in Paris on April 11 – 12, 2012 and support to the Development Strategies Institute and OOG/APCA on consultative meetings.

The Provincial Competitiveness Index (PCI)

- **PCI launch:** the national launch of the 7th Provincial Competitiveness Index, PCI 2011 report in Melia Hotel, Hanoi was well received by over 400 participants including representatives from ministries and state agencies at the central level; chairs and vice chairs of People's Committees of cities and provinces with outstanding results in the PCI 2011; representatives of the American Chamber of Commerce (AmCham), and European Chamber of Commerce (EuroCham) who were corporate partners of the event; local and foreign business associations; embassies; multi-lateral donors; enterprises; researchers; and over 120 media outlets.
- **Media coverage of PCI launch:** collected over 120 articles in online and printed newspapers covering the PCI 2011 launch with news and reportage about the event from VTV1, VTV2, VTV4, VTC1, VTC10, VTC14, VITV, InvestTV, InfoTV, VietnamNews AgencyTV, VOVTV, Hanoi TV, Ho Chi Minh TV, Thai Nguyen TV and others.
- **PCI related events:**
 - **Tax:** Attended the workshop on development of a series of indicators to assess tax management organized by the General Tax Authorities to share experiences in developing and collecting the PCI
 - **Labor:** provided comments on SIIR's draft report on Industrial Relations in Vietnam using the PCI - FDI 2010 data and provided PCI-FDI 2011 data.

Infrastructure Financing/Development via Revenue Bonds & Public-Private Partnerships

- **Capacity Building and Support for PPP TF:**
 - **Hai Phong-Ha Long Expressway (HHE):** USAID/VNCI team is assessing the IFC's proposal to PPP TF in supporting HHE, and making recommendations for MPI/PPP TF in managing consultant work for HHE. Many valuable comments from USAID/VNCI's consultants, Roy Torkelson and Ben Darche, on IFC proposal, were shared with PPP TF to help PPP TF better understand and mitigate the risks involved in the IFC's approach.
 - **Managing Political Expectations:** USAID/VNCI developed a Project Life Cycle program for the Halong-Haiphong Expressway project to assist MPI, Quang Ninh, and other government agencies to understand the process, steps and roles and responsibilities and key decisions and specific milestones that will have to be made for the full preparation of a PPP pilot project.
 - **MPI's Role:** VM Dong is still managing PPP portfolio, as Minister Vinh has not yet assigned this task to any other Vice Ministers. However, the lack of formal structure for PPP unit has hindered the speed and quality of interaction between MPI and local ASAs, which is critical for engagement and securing good projects for PPP initiative.
- **Donor coordination:**
 - **Korean Eximbank:** Met with Korean Eximbank team to brief them on status of PPP initiative in Vietnam and guarantee scheme of USAID/DCA. Korea Eximbank shows strong interest in participating in the PPP market in Vietnam through introduction of loan guarantee.
 - **ADB:** Provided inputs for ADB team on PDF design work: suggested ADB organize a retreat with MPI and MOF to build consensus among government agencies on PDF framework and state contribution policy which is critical to developing PPP pilot projects. Also encouraged ADB to host the next donor coordination meeting on March 2 to brief donor partners on progress of PDF and other updates.
 - **Afd:** Met with Stanley Boots of Hogan and Lowell, Afd's legal consultant on PDF to discuss workable model for PDF management and how to engage MOF to facilitate the discussion for practical solutions of the facility.
 - **World Bank:** met several times with World Bank experts to discuss standards for transport projects, pre-feasibility study for Halong-Haiphong Expressway, and the possible role of the Project Preparation Technical Assistance Facility in MPI for PPP pilot projects.
 - **JICA:** met with JICA on February 22 for an update on the next phase of feasibility study for the Infrastructure Finance Fund. JICA has selected a consortium led by Accenture Japan to conduct the feasibility study, with a followup meeting in March and April in Hanoi.
- **Project pipeline:** USAID/VNCI team visited Thanh Hoa Province with PPP TF on February 29 to identify potential projects for PPP Pilot Program with two promising projects identified: one express way of 11.5km and one water sanitation project. The team was received by Vice Chair of Thanh Hoa People's Committee, who expressed his

strong commitment for PPP models. USAID/VNCI will provide support to PPP TF to screen these projects using financial modeling and approach that was used to test the Halong-Haiphong Expressway.

- **Working with MOF:** had technical discussions with MOF's Banking and Financial Institutions Department (BFID) on February 16 about the potential support from USAID/VNCI to MOF on the development of a sovereign wealth revolving fund and state contribution policy for PPP initiative. MOF is eager to work with USAID/VNCI to move this agenda ahead. USAID/VNCI is now working with BFID to develop a workplan on the topic for BFID submission to MOF leaders for approval.
- **Supply Chain Council Conference in Hanoi on June 22, 2012:** USAID/VNCI has agreed to be a partner with the Supply Chain Council and its members to assist in organizing a conference on improving infrastructure, supply chains and economic growth in Northern Vietnam. USAID/VNCI will identify policy and infrastructure issues that engage central and provincial government leaders in this conference.

Project Management

- **Recruitment for Infrastructure team:**
 - **Local Infrastructure Financial Advisor:** USAID/VNCI has selected Tran Duy Hung, currently with PWC as Financial Advisory Manager, as replacement for Nguyen LiuBa. Hung has extensive experience in financial sector and hands-on experience with a PPP project in infrastructure through his employment with PwC and Apax M&A Vietnam. He will join USAID/VNCI in early March upon approval from USAID.
 - **Senior Infrastructure Financial Advisor:** DAI proposed Scott Jazynka, a highly experienced PPP transaction advisor, to begin in early April 2012.

International Visitors

- **Sense Consulting Team of Vedran Antoljak, Senior IT/Regulatory Advisor, Ivo Lukac, Senior IT Advisor and National Database Lead Expert, and Hrvoje Kusulja, Senior IT Expert,** will conduct a consultancy trip to Vietnam from March 17-24 to train and consult with local IT team from Administrative Procedures Control Agency (APCA) and Office of Government on skills, procedures, and capacity needed to carry out daily tasks in managing the National Database system as part of the hand-over of the National Database.
- **Ben Darche, Senior Infrastructure Financial Advisor,** scheduled in mid-March to advise Quang Ninh Province and MPI PPP TF on the next phase of pre-feasibility study on Halong-Haiphong Expressway project and assess other pilot projects.
- **Scott Jacobs, Senior Regulatory Advisory,** scheduled for late March to advise APCA on semi-annual regulatory quality assessment and Master Plan for Regulatory Reform and Policy Coordination.
- **Roy Torkelson, Senior Infrastructure Financial Advisor,** early to mid April, to advise MOF on sovereign wealth revolving fund and state contribution policy.